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MARKETING & MEDIA Decisions

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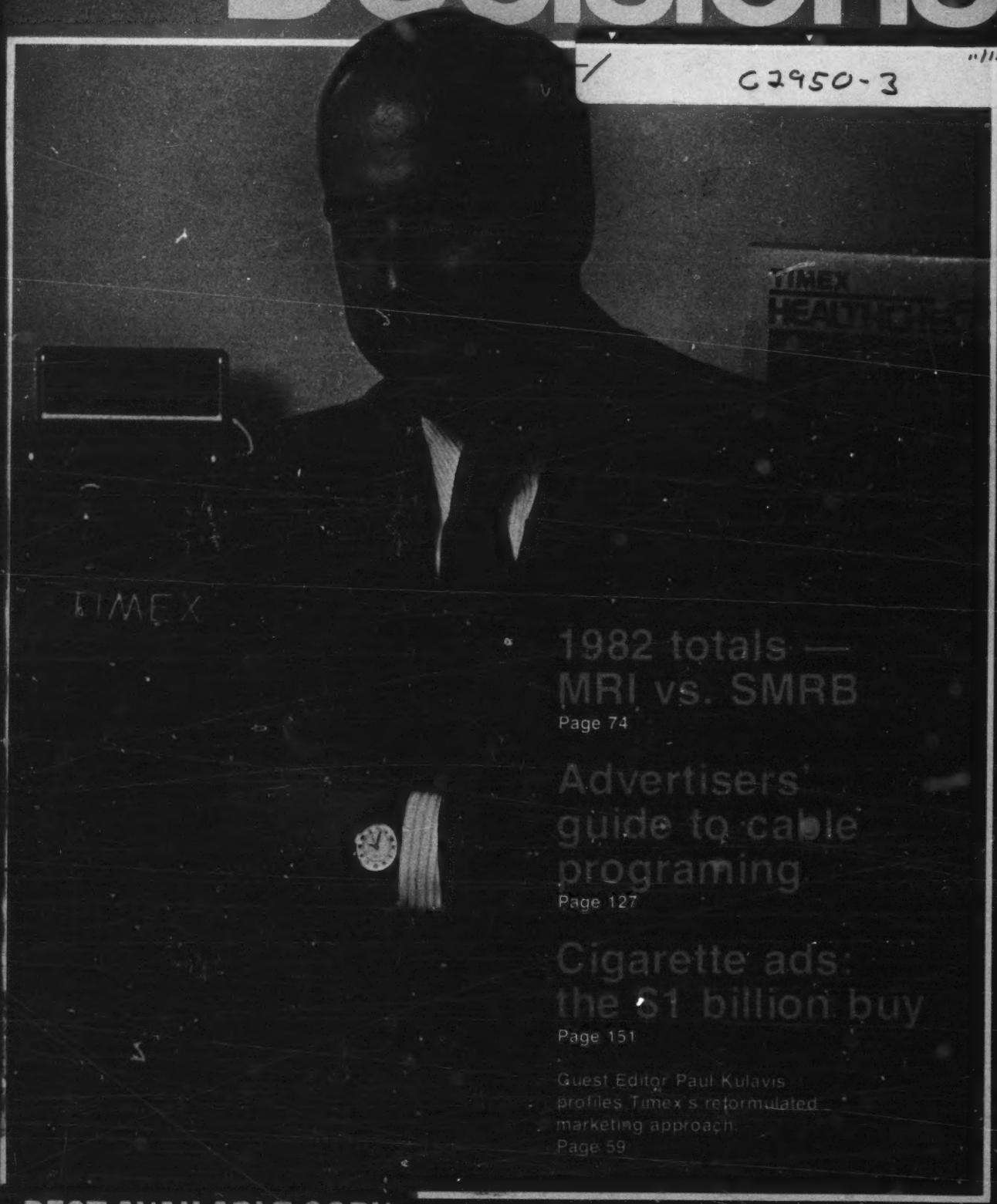

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FUTURES

Direct broadcast satellite to be big business dish

As many as 15 million rooftop home earth stations for DBS reception are predicted by 1990 in a 187 page report researched by International Resource Development, Norwalk, Conn.

The base will be made up of six million from rural homes, another three million homes not passed by cable, three million non-subscriber cable homes, and three million cable subscriber homes.

In the pre-1986 time period, rooftop earth stations will be approximately two to three meters in size and will be used primarily by apartment buildings to receive low power Ku band broadcasts. The post 1986 market will be spurred by the launch of the high power DBS satellites (14/12 GHz) which will enable the rooftop terminal to be reduced to three quarters to one and one quarter meter size. These dishes will appeal to single family users and cost between $300 and $500 by 1990.

The report indicates that for DBS system applicants, the future looks good for STC, RCA, Western Union and CBS but only fair for the others.

This outlook is based on the belief that the pre-1990 subscriber base won't be able to support more than four or five dedicated direct broadcast systems. The carriers will be in an excellent position because they will probably be able to accomodate programing that was initially intended for those systems that aren't implemented or that subsequently fail in operation. IRD predicts that only two out of the present broadcast applicants will have a good chance of success, Satellite Television Corp., a subsidiary of Comsat, and CBS.

"The others may have to revise their plans and end up 'piggybacking' on one of the common carrier satellites. They might do well to reconsider their strategies now, when the $500 million they plan to spend is still on paper and in their pockets," the report suggests.

(SOURCE: INTERNATIONAL RESOURCE DEVELOPMENT INC.)

The companies alluded to include: Focus Broadcast Satellite Company, Graphic Scanning Corp., Video Satellite Systems, United States Satellite Broadcasting Co.

The report is priced at $985.

Simmons to study college market

SMRB is currently pre-testing the questionnaire for its first syndicated study of the college market. A multistage national probability sample of full-time college students will be drawn. Interviewing starts in February and runs for two months. Delivery is anticipated for early June.

Data will be collected on magazine preferences, campus newspaper readership, daily and Sunday newspaper readership, radio listening, television viewing in dayparts, purchase and use of approximately 600 products, student awareness of specified corporations as well as perceptions, social attitudes, self image and buying styles, and demographics.

Tv programing for the hard-of-hearing

Television programing specifically for deaf and hearing impaired audiences makes its debut on cable in January. The material is being originated by The Silent Network, which has been producing programing for the Los Angeles market. Programing consists of original first-run shows which make use of sign language by participants, as well as captioning and voice.

Vice president Richard Citron says, "We're offering advertisers a virtually untapped market of 22 million people spread across the complete spectrum of the country." Executive producer and president Sheldon Atlfeld says," Discussions are being held with a number

Continued on page 30

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of key corporations to sponsor major segments of the initial 15 weekly hours of original programing being offered. We're looking at expansion to a full 24 hours in the near future."

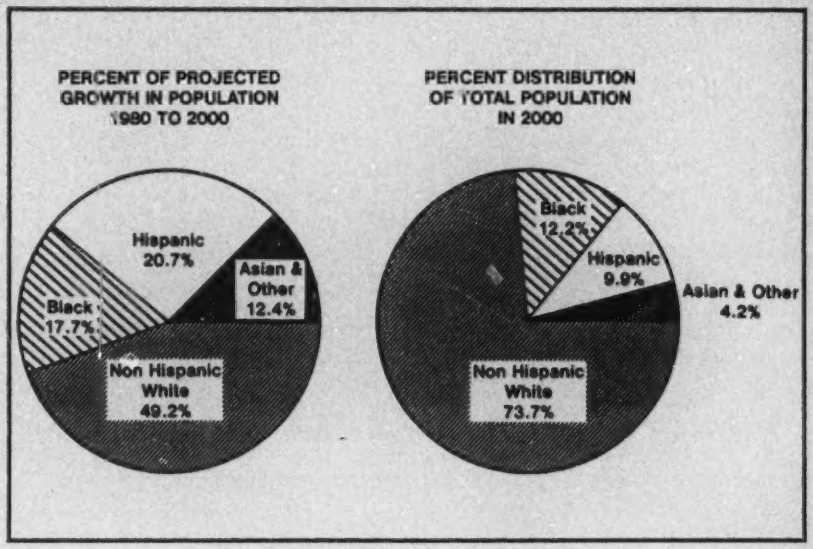
Hispanic population growth projected

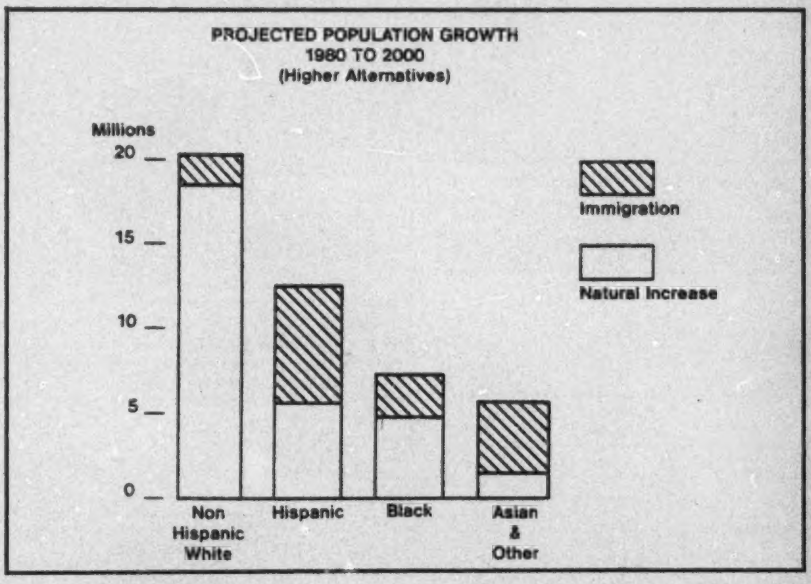
Between 23 and 27 million Hispanics in the U.S. are predicted by the year 2000 in a report from the Center for Continuing Study of the California Economy. According to Stephen Levy, Ruth Tebbets and Fred Brousseau, who wrote the report, "More than half the U.S. population growth in the next two decades will come from minority groups." Hispanics alone will account for 25% of the nation's growth. The non-Hispanic white population, which made up 80% of the total U.S. population in 1980 will account for a little less than half the projected increase. But whites will still make up 75% of the population by 2000.

The center assumes that net illegal Hispanic immigration will range from 35,000 to 132,000 annually, but could run as high as 500,000 annually.

People of Mexican origin will comprise over 60% of the U.S. Hispanic population in 2000. Another 20% will come from Central and South America.

Total U.S. population by the end of the century is projected between 267 and 272 million, higher than the U.S. Census Bureau figures. This reflects the higher than expected 1980 census count and somewhat higher immigration assumptions.


PERCENT OF PROJECTED GROWTH IN POPULATION 1980 TO 2000
Hispanic 20.7%
Asian & Other 12.4%
Black 17.7%
Non Hispanic White 49.2%
PERCENT DISTRIBUTION OF TOTAL POPULATION IN 2000
Black 12.2%
Hispanic 9.9%
Asian & Other 4.2%
Non Hispanic White 73.7%



High acceptance seen for videotex

Videotex as a consumer staple popped over the horizon again in September, as CBS and AT&T unveiled their joint facility in Fair Lawn, N.J. and displayed just what their interactive system is capable of doing in a two hundred home test in Ridgewood, N.J.

While CBS and AT&T decline to comment on what the test is costing them, published reports suggest up to $5 million for CBS, and $10 million for AT&T. Neither party has skimped in outfitting this operation.

CBS is generating all service content while AT&T is providing home terminals, adaptors, computer and interface software and specialized data entry terminals.

Eighty national advertisers, 20 retailers, and direct marketers, a bank consortium, two individual banks and numerous restaurants are participating in the test and will be provided with complete data results.

Three basic types of advertising have been developed for the trial: awareness, transactional and informational. An awareness ad is a billboard message that runs adjacent (side or bottom) to the editorial information requested. A transactional ad consists of a full page of information about one of several products followed by an electronic order form. An informational ad is one that informs about the product and includes advice on how to use it.

The Nielsen of tv efficiency?

Dave Vadehra (below) of Video Storyboard Tests has developed a three-step method of rating tv cost efficiency. He divides media expenditures by recall scores to produce an awareness cpm for competing brands. Vadehra expects his research technique to make some friends as well as ruffle some feathers.

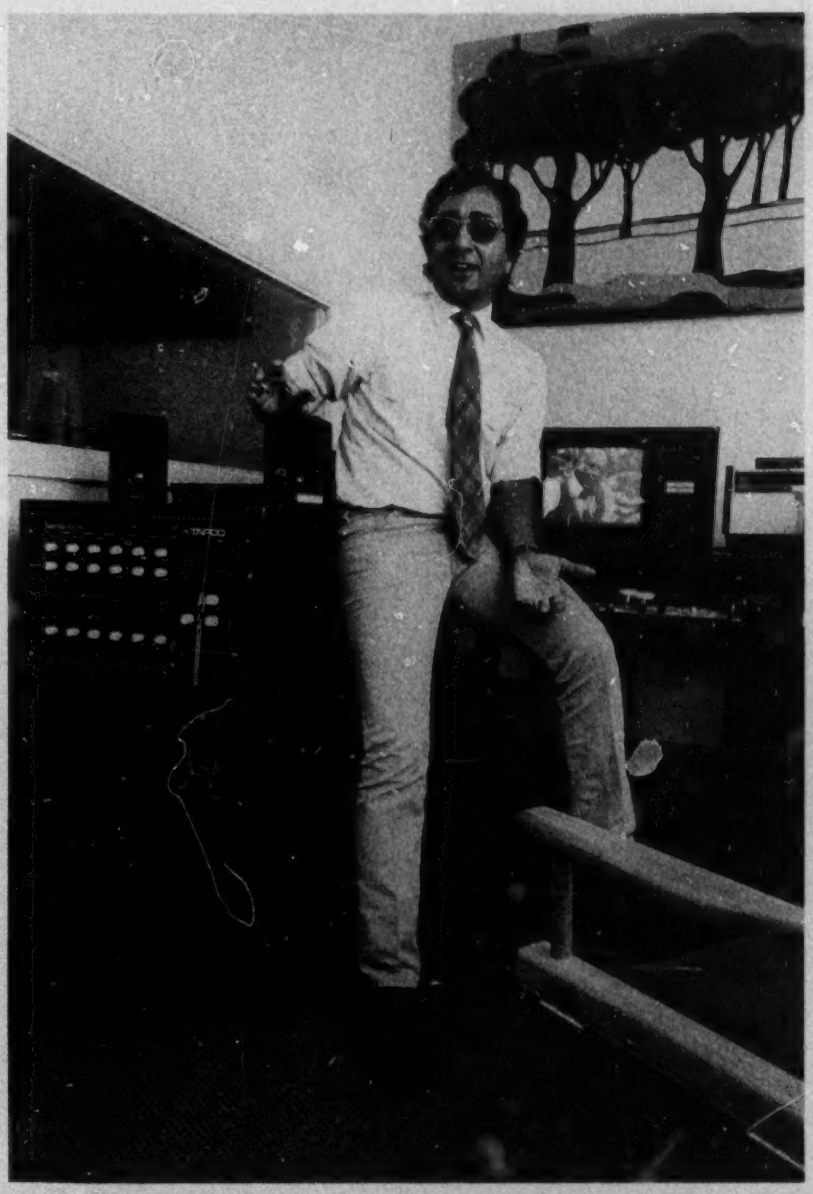
Dave Vadehra is doing his damndest to put agencies in the hot seat.

And, if his Campaign Monitor happens to ruffle some feathers and cause an outbreak of gray flannel indigestion — well, so much the better. As far as Vadehra's concerned, that'll just confirm the need for his brainchild in advertising's wonderful world of numbers neurosis.

Campaign Monitor is Vadehra's recently-developed, bare bones acid test of tv campaign cost efficiency: Its bottom line is a cpm in different clothing. Instead of computing cost-per-thousand on the basis of reach, Campaign Monitor cranks-out its cpm's using recall.

Vadehra's research concept, if one catches the drift, presupposes that degree of awareness is a better scale for measuring advertising effectiveness than audience size. But if the drift somehow sidesteps your brain, then Vadehra is more than glad to explain why awareness is deserving of the attention lavished upon it by Campaign Monitor. "The role of tv advertising in generating sales is much less direct than the role of tv advertising in generating awareness," he says. When you plunk down ad bucks, you're allegedly buying product awareness, which, in turn, will generate sales.

To uncover how much awareness value an advertiser's getting for its money, Campaign Monitor uses only two variables as its dip sticks: recall and media expenditures. It follows that established brands and high frequency media schedules automatically give



Cost efficiency of selected tv campaigns — 2nd Qtr. 1982

	Average weekly retained impressions* (millions)	Average weekly television expenditure** (000)	Cost per 1000 retained impressions
Soft drinks			
Coca-Cola	84.2	$ 923	$10.96
Pepsi	82.4	1363	16.54
Dr Pepper	36.6	442	12.08
7-Up	48.5	515	10.62
Mountain Dew	16.6	277	16.69
Tab	18.6	344	18.49
Shasta	10.1	116	11.49
Analgesics			
Anacin	45.9	$ 819	$17.84
Bufferin	22.3	163	7.31
Excedrin	23.2	141	6.08
Bayer	25.4	165	6.50
Tylenol	60.4	844	13.97
Automobiles* **			
Chevrolet	42.7	$1316	$30.82
Ford	50.9	2172	42.67
Chrysler	33.6	1128	33.57
Datsun	33.3	454	13.63
Toyota	34.8	993	28.53
Fast food restaurants* **			
McDonald's	95.8	$1446	$15.09
Burger King	57.9	481	8.31
Wendy's	25.5	242	9.49
Diapers			
Huggies	7.8	$ 268	$34.36
Luvs	11.3	347	30.71
Pampers	10.7	261	24.39
Cameras			
Kodak	62.1	$1676	$26.99
Polaroid	35.9	753	20.95
Minolta	8.0	299	37.38
Canon	18.9	356	18.83

* Source: VST/Campaign Monitor
** Source: B.A.R.
*** Not including dealer/franchisee associations

campaigns a better chance of looking good in Campaign Monitor's score column. At first blush — and maybe second as well — the whole technique appears to be simply, uh, simple.

Since late 1981, Vadehra and his New York-based firm, Video Storyboard Tests, have conducted quarterly interviews with a national sample of 1,000 adult tv viewers to determine campaign awareness in 25 product categories. Aided and unaided recall results are then projected among the nation's entire adult population to generate "average weekly retained impressions."

The rest of the procedure is purely clerical. Average weekly tv expenditures are tabulated with figures obtained from Broadcast Advertiser Reports (BAR). These are then divided by 1/1000th of the average weekly retained impressions. The resulting "CPM retained impressions" (see box on this page for example), says Vadehra, allow him to "put a dollar figure on what advertisers are really getting from their agencies' efforts."

Of course, Vadehra's index is only meaningful in the context of comparison with competing brands. So, to make his research technique more than just another pretty face, he has been tracking more than 200 brands in his universe of 25 product categories.

Vadehra makes no pretenses about Campaign Monitor being a report card of agencies' media and creative resourcefulness. But what irks agency executives is Vadehra's strategy of selling the service directly to their clients. In most cases, Campaign Monitor paints a less-than-flattering picture of a shop's ability to maximize an advertising investment.

"For every one good piece of news that I bring, there are eight bad ones," reports India-born Vadehra. Behind Polarized eyeglasses, his eyebrows seem to leap for joy as he says this. After all, Campaign Monitor — according to Vadehra's schematic — is designed for advertisers who *want* to be alerted when there's bad news so they can nip it in the bud.

"What is supposed to happen is an advertiser will use this service to find out from its agency why a campaign isn't doing as well as the other guy's," Vadehra says.

Campaign Monitor is still quite a bit away from causing widespread agency paranoia. Vadehra figures he'll have eight to ten subscribers by the end of the year. Not surprisingly, the list is not expected to include an agency.

Video Storyboard Tests, which Vadehra founded in 1975 after stints as a cinematographer and film booker, specializes in testing and producing rough tv commercials. Ironically, a healthy chunk of his business has come from the ad agencies he's now proposing to open to executional scrutiny.

Campaign Monitor, says Vadehra, is an outgrowth of his company's annual list of 25 outstanding tv campaigns. Based on 15-20,000 recall interviews a year, the list was launched in 1978 as a publicity ploy for Video Storyboard Tests. But it ultimately gave Vadehra other ideas.

"A couple of years ago, my list of outstanding campaigns was becoming fairly popular. A lot of people were aware of it and I was getting very good exposure in the trade press. But, over and over again, everybody would say that the outstanding campaigns are strictly big media budget accounts. And, over and over again, I would tell them that an exceptional campaign with a small budget can break into it. But the criticism continued to be leveled against me. So I started thinking about how I could combine what people remember about commercials and what the advertiser spent on

Continued on page 124

them," recalls Vadehra, "in order to better satisfy my clients."

Campaign Monitor's bottom line, he notes, is providing a quick fix on a tv campaign's "intrusiveness", which, in turn, is a byproduct of media or creative efficiency.

"It's very hard to penetrate your audience with a commercial because there are so many of them being aired. Every person, in fact, can see up to 80 commercials a day.

"So I'm dealing with perceptions of what people really remember. This is what Campaign Monitor is tracking. It's tracking the money you, as an advertiser, spend against what viewers think they can remember and how your campaign can change the image of your brand," Vadehra observes.

In addition to quarterly listings of cpm retained impressions, Campaign Monitor subscribers are also fed quarterly reports of attitudinal shifts.

Since recall and media outlays are both variables, either element can be adjusted to rack-up a rosier-looking cpm retained impressions score. Several strategies exist on the media side according to Vadehra.

"If you want to get the same level of awareness as somebody else and your campaign isn't inherently memorable, then the only way you'll reach that level is by spending more money on media," he says.

Then again, a crummy cpm score could be a warning that there's something wrong with the composition of the media schedule, not its magnitude. "You really have to look at whether your competition's doing something different in terms of his media mix than you are. If he's spending all of his money on network and you're buying spot, that could be one of the factors," adds Vadehra.

The ideal situation over a four-month reporting period, Vadehra says, is when you have an established, high recall campaign that's flighted. A relatively modest media budget divided by lots of retained impressions equals a low cpm for awareness.

In the case of introductory campaigns, however, advertisers have to bite the bullet because they're dealing with unrecognized brands. "With a new campaign, you're really investing in the future and hoping that it'll generate a high level of awarenss for you," says Vadehra.

While media has a direct bearing on cpm retained impressions, Vadehra thinks the spotlight should really be trained on a campaign's creative ingredients. "I genuinely try to under-

Campaign Monitor, says Vadehra, looks "at the very basics of advertising instead of the extremely sophisticated way we're used to."

play media efficiency because the assumption is that all major advertisers are doing their best to buy the most efficient media," he says.

Although it has tracked biggies like Coca-Cola, Chevy, Levi's, McDonald's, Kodak and Budweiser on an unsolicited basis during its first year of existence, Campaign Monitor is being pitched to companies that fall into the "blue chiplet" category. "I think it will be most useful for medium to smaller advertising budgets because major advertisers do their own tracking. The small to medium advertiser doesn't really keep track of what's happening from quarter to quarter," Vadehra explains.

He's already talking about enhancing his service by upping the quarterly sample size from 1,000 to 2,000 and getting into regional brand tracking. But that doesn't mean Vadehra's antsy about the soundness of Campaign Monitor. "I think I'm past the trial and error stage," he says.

In the meantime at agencies like Young & Rubicam, Grey and Doyle Dane Bernbach — all of which are reportedly putting together position papers on Campaign Monitor, the jury is still out. Research execs at those three shops refuse to comment, citing either insufficient information or confidentiality.

Vadehra attributes the agencies' silence to the simplicity of Campaign Monitor. "There's a saying that 'the simpler the argument, the more complicated it is to disagree with it.' And that's what we are really doing. It's such a simple concept that they have to come up with some very complicated reasons why it doesn't work."

Prod a little more and Vadehra suggests that there are also wounded prides to be reckoned with. "It really boils down to agencies asking themselves: 'why didn't I do this first?' And the reason they didn't come up with this idea before is because they're too fragmented.

"What happens is media people don't know what the research people are doing, the research people don't know what their own people are doing, and the creative people don't know anything about anything else. So just putting the two fields (creative and media) together in one equation is almost impossible for an agency," Vadehra notes.

"I think Campaign Monitor will be fairly controversial because it's really looking at the very basics of advertising instead of the extremely sophisticated way we're used to."

While one may picture Vadehra's future days filled with hunger pangs for juicy statistics, his cravings are actually wrapped in celluloid. The man who had a hand in producing six national spots for Converse sneakers wants to get back into making movies. "When I first got involved in Video Storyboard Tests, that was definitely the aim. I was going to see how far I could go," he says.

Personal goals aside, Vadehra has some definite ideas about how far he wants his company to go. "I like to think that one day it'll become a real Nielsen of tv commercials."

Steve Raddock

1982 MRI: larger audiences than SMRB

New magazine audience counts of Timothy Joyce and Alain Tessier of MRI (above left and right) are much higher than those reported recently by Frank Stanton of SMRB. Joyce says this should be expected because of differences in methodology. He blames the recession for readers-per-copy and total audience drop of 7% in books measured in '81 and '82.

Magazine total adults in 1982

	1982 MRI			1982 SMRB
	Total adult audience (add 000)	Circulation (add 000)	Readers per copy	Total adult audience (add 000)
Air Group One (GR)	3,930	1,018	3.86	—
American Baby	2,660	992	2.68	—
Architectural Digest	2,454	514	4.77	—
Atlantic Monthly	1,362	347	3.93	—
Baby Talk	2,261	863	2.62	—
Barron's	1,178	264	4.46	874
Better Homes & Gardens	34,231	8,034	4.26	21,045
Bon Appetit	4,186	1,254	3.34	2,987
Bride's Magazine	3,673	332	11.06	—
Business Week	5,269	768	6.86	4,173
Car & Driver	3,373	685	4.92	2,658
Car Craft	2,039	373	5.47	—
CBS Spec. Interest Grp (GR)	10,372	1,610	6.44	—
Changing Times	5,299	1,478	3.59	2,741
Chicago	847	233	3.64	—
Colonial Homes	2,290	567	4.04	—
Conde Nast Package (GR)	27,322	5,497	4.97	16,653
Cosmopolitan	12,696	2,602	4.88	9,596
Country Living	2,914	655	4.45	1,854
Cuisine	2,949	735	4.01	1,726
Cycle World	2,737	325	8.42	2,228
Decorating & Craft Ideas	4,949	733	6.75	2,410
Discover	2,938	812	3.62	1,674
Dun's Business Month	694	256	2.71	—
E/W Domestic Inflight (GR)	6,644	1,279	5.19	—
Ebony	7,835	1,259	6.22	6,851
Esquire	4,400	667	6.60	2,345
Essence	2,920	700	4.17	2,697
Family Circle	28,304	6,836	4.14	18,033
Family Food Garden	1,757	341	5.15	—
Family Handyman	4,633	1,114	4.16	3,134
Family Weekly	20,239	12,283	1.65	25,520
Field & Stream	13,871	1,993	6.96	8,023
Food & Wine	1,432	354	4.05	—
Forbes	2,765	733	3.77	2,123
Fortune	3,520	611	5.76	2,666
Forum	2,682	464	5.78	—
4 Wheel & Off Road	2,379	196	12.14	—
Glamour	8,827	1,922	4.59	5,754
Golf Digest	3,301	979	3.37	2,157
Golf Magazine	2,665	691	3.86	1,833
Golf Magazine/Ski (GR)	5,125	1,076	4.76	3,727
Good Housekeeping	28,684	5,101	5.62	17,765
Gourmet	2,556	557	4.59	—
GQ (Gentlemen's Quarterly)	3,106	473	6.57	2,093

Source: 1982 MRI and 1982 SMRB. Included in SMRB list on page 00, October Decisions but not in list above: CBS Mag. Ntwk.; Dec. & Craft/So. Living; Golf Digest/Tennis; Hearst Mag. Corp.; L.A. Times Home Mag.; Monthly Mag. Food & Wine; Natl. Supp. Pkg., Working Mother. Blanks not in SMRB pocketpiece.

Timothy Joyce of Mediamark Research, Inc. dropped the other shoe in the magazines audience drama last month when he came out with his MRI Fall '82 Report.

The data comes from 20,000 personal interviews made in MRI's sixth and seventh surveys in Spring and Fall 1982. Included are total audiences and readers-per-copy, plus several volumes and tapes of demographic and product use information on readers of 159 consumer magazines. Of these, 129 magazines were measured in all seven waves, starting in Fall 1979.

Comparisons can, of course, be made of magazine audiences between surveys. Joyce makes a point of the fact that his method has remained the same for all seven waves, and welcomes such comparisons.

Continued on page 112

MRI and 1982 SMRB

	1982 MRI			1982 SMRB
	Total adult audience (add 000)	Circulation (add 000)	Readers per copy	Total adult audience (add 000)
Grit	2,375	663	3.58	—
Guns & Ammo	4,721	483	9.77	—
Harper's Bazaar	2,857	626	4.56	3,150
Harper's Magazine	1,397	310	4.51	—
Health	3,759	875	4.30	2,321
Hearst Men's Magazines (GR)	20,780	2,537	8.19	10,977
Hot Rod	4,839	759	6.38	—
House Beautiful	7,720	851	9.07	4,492
Hunting	2,467	241	10.24	—
Industry Week	1,082	299	3.62	714
Inside Sports	4,891	548	8.93	3,292
Jet	5,746	677	8.49	6,057
Ladies' Home Journal	20,425	5,297	3.86	13,961
LHJ Family Group Combo (GR)	28,821	7,317	3.94	19,054
Life	14,649	1,345	10.89	9,402
Los Angeles	942	166	5.67	—
Mademoiselle	4,753	1,112	4.27	3,690
McCalls	22,173	6,286	3.53	15,142
Mechanix Illustrated	7,129	1,591	4.48	4,661
Metro Sunday Comics	29,343	24,162	1.21	—
Metropolitan Home	1,413	737	1.92	1,120
Modern Bride	2,611	309	8.45	—
Money	6,027	1,072	5.62	3,646
Mother Earth News	4,627	1,069	4.33	—
Motor Boating & Sailing	1,191	133	8.95	—
Motor Trend	3,845	736	5.22	—
Ms.	2,115	473	4.47	1,306
National Enquirer	19,558	4,444	4.40	15,623
National Geographic	29,144	8,556	3.41	20,566
National Lampoon	3,428	434	7.90	—
Nations Business	1,817	1,075	1.69	—
Natural History	1,605	463	3.47	1,116
Newsweek	21,570	2,965	7.27	16,345
New Woman	3,176	1,097	2.90	—
New York Magazine	1,232	437	2.82	1,198
New York Times (daily)	3,173	919	3.45	3,035
New York Times Magazine	3,900	1,484	2.63	3,944
The New Yorker	2,412	480	5.03	2,344
Omni	5,327	623	8.55	2,833
1,001 Home Ideas	4,637	1,145	4.05	2,772
Organic Gardening	5,338	1,285	4.15	2,911
Oui	3,032	570	5.32	1,705
Outdoor Life	8,353	1,476	5.66	5,047
Parade	43,175	21,756	1.98	43,573
Parents' Magazine	8,069	1,622	4.97	3,938
Penthouse	10,173	3,304	3.08	6,587
Penton/IPC Mgmnt Netwk (GR)	9,823	1,080	9.10	—
People	24,604	2,371	10.38	19,403
Petersen Action Group (GR)	27,805	3,824	7.27	—
Pickup Van & 4 WD	1,886	230	8.20	—
Playboy	18,364	4,477	4.10	11,134
Playgirl	3,419	590	5.79	—
Popular Hot Rodding	2,195	245	8.96	2,373
Popular Mechanics	10,595	1,548	6.84	6,197
Popular Science	7,553	1,626	4.65	4,585
Prevention	7,255	2,382	3.05	4,114
Psychology Today	5,544	1,157	4.79	NA
Puck	21,487	17,695	1.21	—
Reader's Digest	54,333	18,310	2.97	39,066
Redbook	15,619	4,314	3.62	8,679
Road & Track	3,475	581	5.98	2,666
Rolling Stone	5,067	715	7.09	4,021
Runner's World	2,220	334	6.65	986
Saturday Evening Post	5,590	617	9.06	2,209
Science Digest	2,900	461	6.29	1,291
Science 82	2,188	752	2.91	1,451
Scientific American	2,921	564	5.18	1,883
Self	3,079	1,031	2.99	2,310
Seventeen	5,498	1,386	3.97	3,110
Ski	2,460	385	6.39	1,894
Smithsonian	7,335	1,956	3.75	4,520
Soap Opera Digest	5,133	592	8.67	3,372
Southern Living	7,971	2,063	3.86	4,956
Sport	5,578	940	5.93	3,734
The Sporting News	2,492	461	5.41	1,848
Sports Afield	7,285	528	13.80	3,489
Sports Illustrated	15,716	2,415	6.51	13,248
The Star	10,165	3,388	3.00	10,348
Sunday Mag/Net	46,710	22,125	2.11	47,382
Sunset	5,089	1,409	3.61	3,464
Tennis	1,520	458	3.32	1,071
Texas Monthly	1,328	296	4.49	—
Time	24,085	4,532	5.31	20,699
Town & Country	1,987	293	6.78	1,203
Travel & Leisure	3,032	909	3.34	1,863
Travel/Holiday	1,795	775	2.32	—
True Story	5,561	1,451	3.83	3,732
TV Guide	47,236	17,784	2.66	36,334
U.S. News & World Report	9,971	2,106	4.73	9,259
Us	4,702	1,038	4.53	3,582
Vogue	6,990	1,100	6.35	4,858
Wall Street Journal	4,740	2,008	2.36	6,291
Weight Watchers	3,963	710	5.58	—
Woman's Day	25,792	6,631	3.89	15,825
Working Woman	2,244	489	4.59	1,088
World Tennis	1,048	363	2.89	614
Ziff-Davis Network (GR)	18,155	3,324	5.46	12,156

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"Although we have a complete compliment of seven stations, we had for several years been exploring the possiblity of getting outlets in the top 10 markets. We pursued that with KRON in San Francisco and were successful. And because of the FCC, we are forced to sell the Oakland *Tribune*, although we were making great progress," he said.

Gannett must divest itself of the *Tribune* when the licenses are transferred, which may take 4-6 months.

Elsewhere in electronic communications, Neuharth is taking a supplier's point of view rather than emphasizing system ownership. After an initial fascination with cable, Gannett got out of the cable systems business.

We're out of the hardware end of cable," Neuharth says. "We have no systems but we are in software, provide programs and have production companies. There is a future in cable but hardware costs too much."

Neuharth also has an eye on direct broadcast satellite transmission as a medium of great future potential. "If direct satellite to home transmission becomes a mass means to deliver programing, what do you do with all of those obsolete cable systems?" he asks. Neuharth has no desire to be in the secondhand copper wire business.

He is also dubious about the consumer future of videotex and teletext. "We've looked at it closely over a period of several years, and it's an intriguing way of exchanging news and information. So far, no one has demonstrated that it is a financially viable medium. I doubt that it is near-term enough, or that consumers will be willing to pay enough to play with it. Our judgment is that interactive videotex isn't likely in the near future."

But despite his skeptical view of videotex, Neuharth sees the key to the communciations future as being technical. "The trends for the future are here now and they will continue. The overriding thing is technical, how to provide consumers with what they want, where and when they want it."

The most important technical element is the satellite. "It can deliver a mass audience in electronic media or in print, and that is the single biggest force at work. It will revolutionize print." *Fred Gardner*

MRI (from 75)

The method used is logo recognition on a sorting board in personal interviews that are standardized to prevent interviewer variation.

The total magazine audience to all 159 magazines in MRI '82 is 928,000,000, developed from a circulation of 218,000,000 times a readers-per-copy figure of 4.3.

The 129 magazines measured in all the surveys since Fall 1979 have almost the same circulation in Fall 1982 — moving up from 198,000,000 to 201,000,000 in Fall 1980 — then back to 199,000,000 in Fall 1982. But readers-per-copy has fallen from 5.0 to 4.3 during the period — and total audience from 981,000,000 to 855,000,000 (down 15% since 1979).

Total audiences in Fall 1982 compared to a year earlier are -4% for 33 dual audience books, -8% for 52 male oriented books, -9% for 38 female oriented books, MRI reports. The national tabloids are up 12%; the news magazines off 3%; automotive books off 18%; business books up 3%, Joyce reports. He shrugs, and blames most of the changes on the recession, lower newsstand sales, and a troubled automotive market.

He shows women's service books measured in Fall 1982 vs. Fall 1981 as off 10%; epicurean books up 7%; fashion/beauty off 6%.

Comparisons of MRI with the recently released figures for SMRB show MRI running ahead of SMRB in the majority of total counts — as was the case in previous years. Joyce says this is the result of his logo recognition methodology which produces higher recall among out-of-home readers.

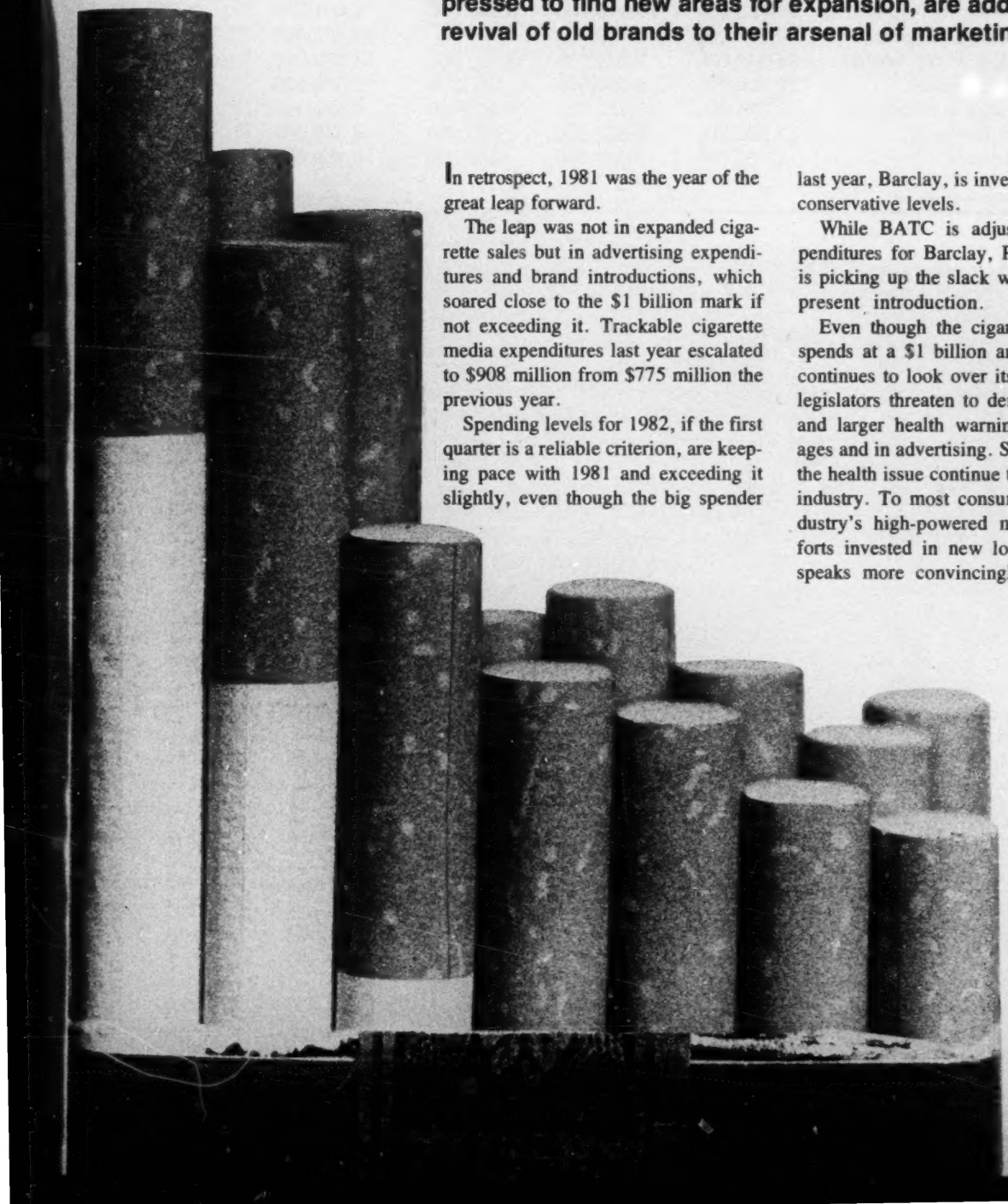
The table on page 74 gives the topline figures for total audiences in MRI Fall 1982, readers-per-copy, and circulation. We have added total audience reported in Fall 1982 by SMRB for those books measured by both services. For more on the SMRB results see *Decisions* for October page 182.

MRI now offers a broad range of product data (recorded for a full year), demographic breaks and usage of other media. A separate volume carries the data for the New York market only (a new service). ■

Brand report 81:

Cigarettes

After record expenditures of close to $1 billion, cigarette advertising plateaued this year. But despite a decline in new brands and line extensions, the total continues to climb. Cigarette companies, hard pressed to find new areas for expansion, are adding revival of old brands to their arsenal of marketing.



In retrospect, 1981 was the year of the great leap forward.

The leap was not in expanded cigarette sales but in advertising expenditures and brand introductions, which soared close to the $1 billion mark if not exceeding it. Trackable cigarette media expenditures last year escalated to $908 million from $775 million the previous year.

Spending levels for 1982, if the first quarter is a reliable criterion, are keeping pace with 1981 and exceeding it slightly, even though the big spender last year, Barclay, is investing at more conservative levels.

While BATC is adjusting its expenditures for Barclay, Philip Morris is picking up the slack with its omnipresent introduction.

Even though the cigarette industry spends at a $1 billion annual rate, it continues to look over its shoulder as legislators threaten to demand stricter and larger health warnings on packages and in advertising. Skirmishes on the health issue continue to harrass the industry. To most consumers, the industry's high-powered marketing efforts invested in new low-tar brands speaks more convincingly about the

Media expenditures in 1981 of leading cigarette brands

Brand	Total	Magazines	Supps	Newspapers	Outdoor
Merit (Philip Morris)	$75,228,000	$20,747,000	$3,568,000	$38,133,000	$12,780,000
Winston (R. J. Reynolds)	67,655,000	20,545,000	2,919,000	29,171,000	$15,020,000
Marlboro (Philip Morris)	59,356,000	27,037,000	1,305,000	16,731,000	14,283,000
Vantage (R. J. Reynolds)	58,393,000	19,787,000	3,680,000	28,514,000	6,412,000
Kent (Loews)	55,276,000	13,257,000	7,100,000	27,369,000	7,550,000
Salem (Reynolds)	48,811,000	13,146,000	1,913,000	22,311,000	11,441,000
More (R. J. Reynolds)	44,106,000	12,607,000	2,545,000	24,000,000	4,954,000
Benson & Hedges (Philip Morris)	35,871,000	19,485,000	4,800,000	7,032,000	4,554,000
Now (R. J. Reynolds)	35,002,000	12,300,000	4,622,000	18,025,000	55,000
Camel (R. J. Reynolds)	34,269,000	8,917,000	—	14,566,000	10,786,000
Virginia Slims (Philip Morris)	31,523,000	16,923,000	3,308,000	6,464,000	4,828,000
Carlton (Amer. Brands)	30,397,000	11,747,000	—	10,321,000	8,189,000
Cambridge (Philip Morris)	24,542,000	7,548,000	2,435,000	13,382,000	1,177,000
Newport (Lorillard)	20,310,000	6,053,000	247,000	6,070,000	7,940,000
Kool (Brown & Williamson)	19,886,000	10,167,000	1,317,000	4,821,000	3,581,000
Triumph (Lorillard)	17,032,000	8,857,000	629,000	4,340,000	3,206,000
True (Lorillard)	15,782,000	5,267,000	907,000	5,409,000	4,299,000

Sources: LNA/BAR; Media Records.

veracity of the health issue than The Tobacco Institute's rebuttals to inconclusive medical research.

Currently before Congress is a stiffer health warning bill that would require rotating warnings that specify heart disease, lung cancer and emphysema as possible consequences of smoking. The Reagan administration's consumer protection chief, Timothy Muris, says the rotating health warnings pass his cost/benefit test and appears worthwhile.

In a 23 page letter of support, Muris wrote: "We cannot be confident that everyone or even a large fraction of consumers will develop more appropriate risk estimates with rotational warnings. For at least some consumers, however, the rotational warnings are likely to lead to better estimates of the health costs of smoking."

The American Association of Advertising Agencies, The Association of National Advertisers and the American Advertising Federation oppose the rotating warnings plan as an unnecessary burden that is ineffective and costly.

Meanwhile, the American Cancer Society issued a report on results from a 12-year national study which showed that smokers who switch to low tar and nicotine have a sharply reduced risk of smoking-related diseases. Dr. Lawrence Garfinkel, society director of cancer prevention, observed: "The study shows that overall, low tar and nicotine smokers have a 26% lower lung cancer mortality rate than high tar and nicotine smokers." Less dramatic but significant reductions were found in cancers, coronary heart disease and cirrhosis of the liver.

What could be somber news to cigarette marketers from the study shows that "many people find it easier to quit entirely after they switch to low tar cigarettes. That may be one of the reasons more people are able to give up smoking."

Cigarette manufacturers may find their efforts to produce less hazardous cigarettes are putting them squarely on the path to reducing their own marketplace.

On the marketing front, the most startling phenomenon is the revival of what were considered defunct brands. As an experimental area, cigarettes are disproving some of the long held rules of thumb in marketing and advertising.

When cigarettes were bounced out of broadcast advertising, it was assumed that a new brand couldn't be launched. And it wasn't until 1975 that the myth was disproven with the introduction of 120 mm cigarettes. While those longer cigarettes proved to be a fad, they provided the experience to get the new low-tar brands off the ground successfully.

The myth that a brand that long ago peaked can't be revived was challenged by R.J. Reynolds. The repackaging of Camel Lights in the old style graphics turned that brand around and moved Camel to fifth place among the top ten sellers.

Now the British American Tobacco Company is making a similar effort with Raleigh, as is American Brands with Lucky Strike low tar filters.

Meanwhile, new product introductions have once again run into hard going. Philip Morris took its Northwinds, a non-menthol cool flavored cigarette, off the market for review, and RJR now has similar product in test.

Lorillard is continuing with what it calls market probes for Rebel, Heritage and Maverick, all in small scale test for over a year, but isn't ready to go national as yet with any of these three brands.

Cigarette marketing and advertising has turned into one of the most sensitive and unpredictable areas of U.S. business. Other industries with similar marketing problems should be watching with avid interest to see just what works in terms of public perception of a controversial product and brands with few tangible distinctions between one and another.

American Brands

After a decade of gradual decline for its cigarette lines, American Brands is apparently hitting the comeback trail. Last year the company lost another 1.4% in market share. That took the A-B share from its 1970 figure of 19.6% down to 9.4% last year.

In the past year, A-B has been most aggressive in its support for Carlton its ultra-low tar brand. Syndicated data for last year shows a total of $34.5 million was invested in the brand. Carlton is still not the company's best selling brand, but tops the ultra low tar category.

That distinction belongs to Pall Mall, in its various forms, which still holds a place in the top 10. Last year, Pall Mall was sixth, having been replaced in the number five spot behind RJR's resuscitated Camel.

American Brands has not had good fortune in recent years with new brand introductions. None of them have been able to carve a niche in this fiercely competitive market. So this year, A-B decided to revive a page from its glorious past.

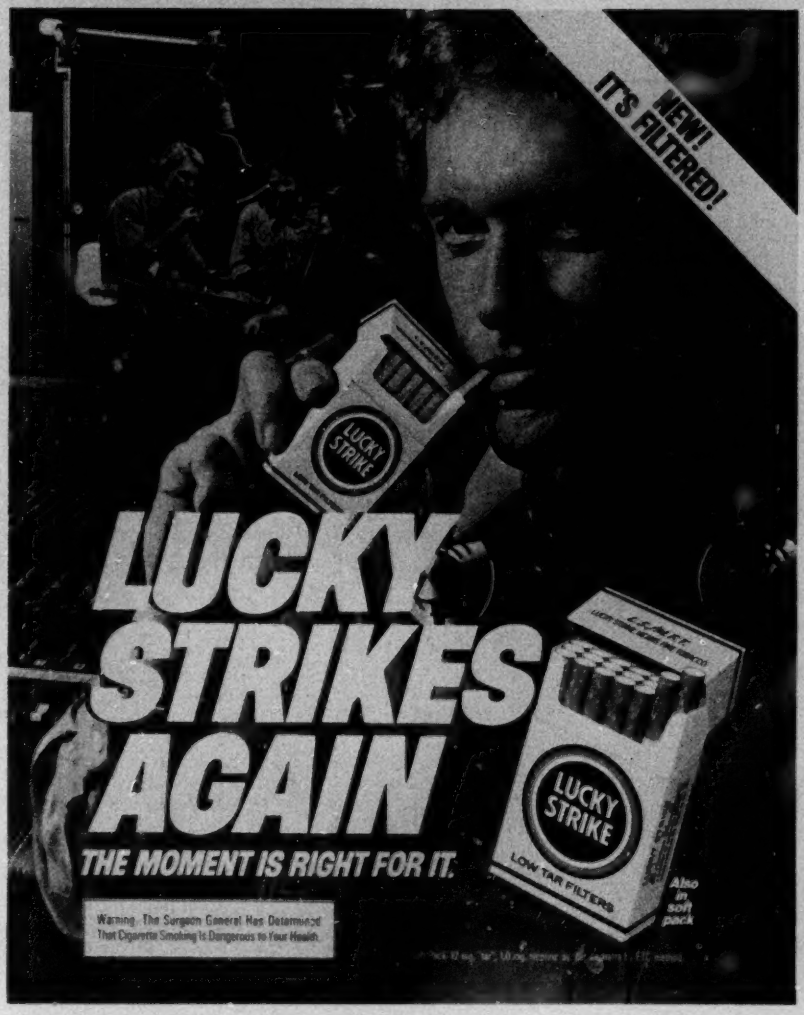
The introduction of Lucky Strike low tar filters, according to public affairs director Robert J. Rukeyser, "is exceeding expectations." He characterizes it as "our most significant introduction since Carlton. The extension has been in research for sometime. We find that Lucky Strike is still associated with flavor."

Pre-launch research, Rukeyser says, showed that people in their early 20's knew the brand name and responded favorably to it.

The brand extension was rolled out in Hartford, and Springfield Mass., in May after "four highly successful test market introductions in Spokane, Binghamton, N.Y., Cincinnati and Tampa."

Media for the roll-out includes local editions of national magazines, newspaper and outdoor. Promotional activities include bowling and dart tournaments as well as a strong sampling campaign.

Target audience for the new version of Lucky Strikes, according to Rukeyser, is "the whole demographic spectrum with the 21 - 35 age bracket being the primary focus."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Also in soft pack
Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health.

American Brands is hoping to build momentum for dormant Lucky Strike

Creative for the brand has a youthful, sportsman tonality with definite male appeal. The print ads look like cigarette versions of "Miller Time" tv commercial outtakes.

With the slogan, "Lucky Strikes again the moment is right for it," American Brands is hoping a long established but dormant brand can build enough momentum to offset the gradual decline of Pall Mall and Tareyton. And just possibly they too can come back if cigarette smokers show themselves ready to go on a nostalgia kick.

Sales in initial markets have produced shares of between one half and two percentage points, Rukeyser disclosed. Lucky Strike regulars currently hold seven eights of a share point. If initial results prevail, projected nationally, Lucky Strike would have a larger market share than Barclay.

The campaign for Carlton continues along previous guidelines — typographical statements about low tar content with no lifestyle depictions of having fun while smoking. Two color magazine pages and small newspaper ads dispersed through various sections, as well as big type billboards, form the backbone of the media effort.

Carlton's budget edged up from $30.4 million in 1980 to $34.5 million last year. Additional funds went into magazines and outdoor while newspaper spending was slightly curtailed.

British American Tobacco

When BATC announced in late 1980 that it would spend $150 million on the introduction of its new, low-tar brand Barclay, there was some incredulity in the industry. But the com-

pany apparently made good its promise. Last year, it outspent all competitors, coming in with its $96.6 million, $10 million ahead of Philip Morris' Merit brand. Another $10 million to $15 million was probably spent on Barclay in transit advertising, which isn't measured by any syndicated service.

With its extensive sampling program and coupons for free cartons of Barclay, there can be little doubt that BATC spent its extensive dollar allocation.

First quarter reports from Leading National Advertisers and PIB show Barclay's expenditures down to $12 million from $18 million the year before. That track indicates Barclay spending will be down by about a third for the year in measured media, coming in at about $62 million.

Tom Humber, in public affairs at BATF, admits: "It's safe to say that we will continue with the balanced media strategy that we employed on the introduction."

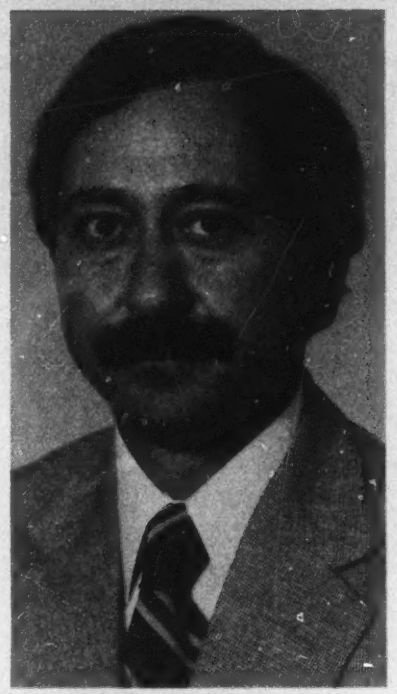
Creative for Barclay continues to emphasize its up-scale appeal with an elegantly tailored fortyish man or thirtyish woman extending a light to an unseen person. The art work invites the viewer to fill in the missing elements.

The appeal is to the over 35 demographic with up-scale pretensions. The question is how many people in this demographic are brand switchers, even if "The pleasure is back"?

For its vast investment, BATC has so far achieved about a 1.2% market share. If the company is disappointed, no one is letting on. But after its unfortunate double introduction of FACT, with its complex low gas content campaign, BATC has decided to hang in with the Barclay venture for a longer period.

Opinion within the industry is divided as to whether BATC overspent in getting Barclay out with a 1.2% market share. Growth for the brand, according to industry sources, has been flat since April.

Considering the problems the company has faced, well informed industry executives believe the move was absolutely necessary if BATC is to survive in the U.S. marketplace. The company had been unable to crack the low tar



Martin Orlowsky, group director marketing service for R. J. Reynolds, runs in-house agency.

category previously, and was experiencing share decline with most of its brands.

Moreover, the currency exchange situation made it possible for a level of expenditure that would be difficult for a U.S. company. The consensus is that while such expenditures would be inappropriate for Lorillard or American Brands, it was an acceptable move for BATC.

In addition to establishing the brand, BATC also gave a boost to its sales force with the omnipresence of its advertising, an intangible that is difficult to evaluate in brand share terms.

Payout for the brand may be gradual, but over a period of five to 10 years, most industry executives believe Barclay will prove to have been a sound investment.

Barclay still faces a challenge from the Federal Trade Commission, which alleges that Barclay copy, claiming 1 mg. of tar, is inaccurate. The FTC contends the actual tar content is more like 4 or 5 mgs. If the FTC finds against Barclay, it would probably have a negative effect on perception of the brand.

At the same time it was blitzing the print media with Barclay, BATC decided to reposition an older, dormant brand, Raleigh, known from antiquity for its on-pack coupons and gift catalogue.

Humber says the repositioning is "basically part of a two prong strategy, coupling renewed attention to older brands as well as to new products."

The Raleigh campaign is strongly male oriented, blue collar, and with an apparent age demographic of 25 to 40. Copy line, "Take the road to flavor," has several highway executions but could restrict creative into vehicular themes. The current executions, with trucks high-balling down the interstate, tend to evoke memories of recent beer commercials.

With $15.7 million in media last year, Raleigh's campaign wasn't ubiquitous, but funding was sufficient to hit men's magazines and establish a presence in newspapers and outdoor in selected geographic regions.

BATC's free-standing menthol entry, Kool, was heavily tied into promotion of the Kool Jazz Festival, as the copy took the tack, "Play it Kool." Copy for the brand as a cigarette almost disappeared as the Summer Jazz Festival approached.

Last year, the budget for Kool diminished sharply from $33 million to $19.3 million.

Lorillard

A decade of gradual growth was nearly eradicated last year when Lorillard's long term top performers, Kent and its Golden Lights spin-off, and True fell on hard times.

Lorillard's bacon was saved by the improved performance of Newport, which last year was introduced in a non-menthol extension. It was the one brand in the Lorillard tobacco patch that showed momentum.

Meanwhile, Lorillard is checking the smoking public's pulse with its market probes, a pre-test marketing program to determine what the market is ready for. Tom Mau, director of brand development at Lorillard says the company entered into probes "to find some concepts and positionings, after up-front research, to determine if those positionings have value. If a brand shows promise, then we'll go into full test marketing. It saves us

BEST AVAILABLE COPY

Camel extended its "Scoreboard" technique in newspapers to Camel Soundboard, which lists music and entertainment available through the week, with names of artists, etc.

money and manpower. It's a two step cycle."

Brands that Lorillard has put into probes include Heritage, Rebel, Bistro, and Maverick. Of that group, only Rebel has moved into the test market phase. But another brand, Satin, has been put directly into the test market without the probe phase, Mau points out.

Rebel, a full flavor, low tar brand is now in test market in Buffalo and Nashville after probes in Roanoke, Va., and Erie, Pa.

Satin 100 mm a cigarette for women is in test in Denver and Milwaukee.

The intriguing Bistro has been withdrawn from probe. "After a six month test we decided it was too highly segmented and positioned to be viable," Mau said.

One other cigarette, Max, reduced to a 100 mm size, is in "semi-probe" in Phoenix and Portland.

Lorillard is revamping the campaign for one of its strong existing brands, which gives Kent and Kent III the combined slogan, "You know what counts," within a sports activist setting. This campaign replaces the food flavor and cities themes which have been running for several years in magazines and outdoor.

Lorillard's menthol brand, Newport, now contributes about 22% of the companies share with a continuing strong performance, in spite of Mau's description of the brand as regional. "Newport has had increases in volume every year since 1975. It's very strong East of the Mississippi and the upper Midwest. We advertise regionally in pockets of strength.

"We think it does well because it is an excellent cigarette and has a high brand conversion rate. It generates business off itself. Our primary media for Newport are newspapers, outdoor and regional copy splits in magazines."

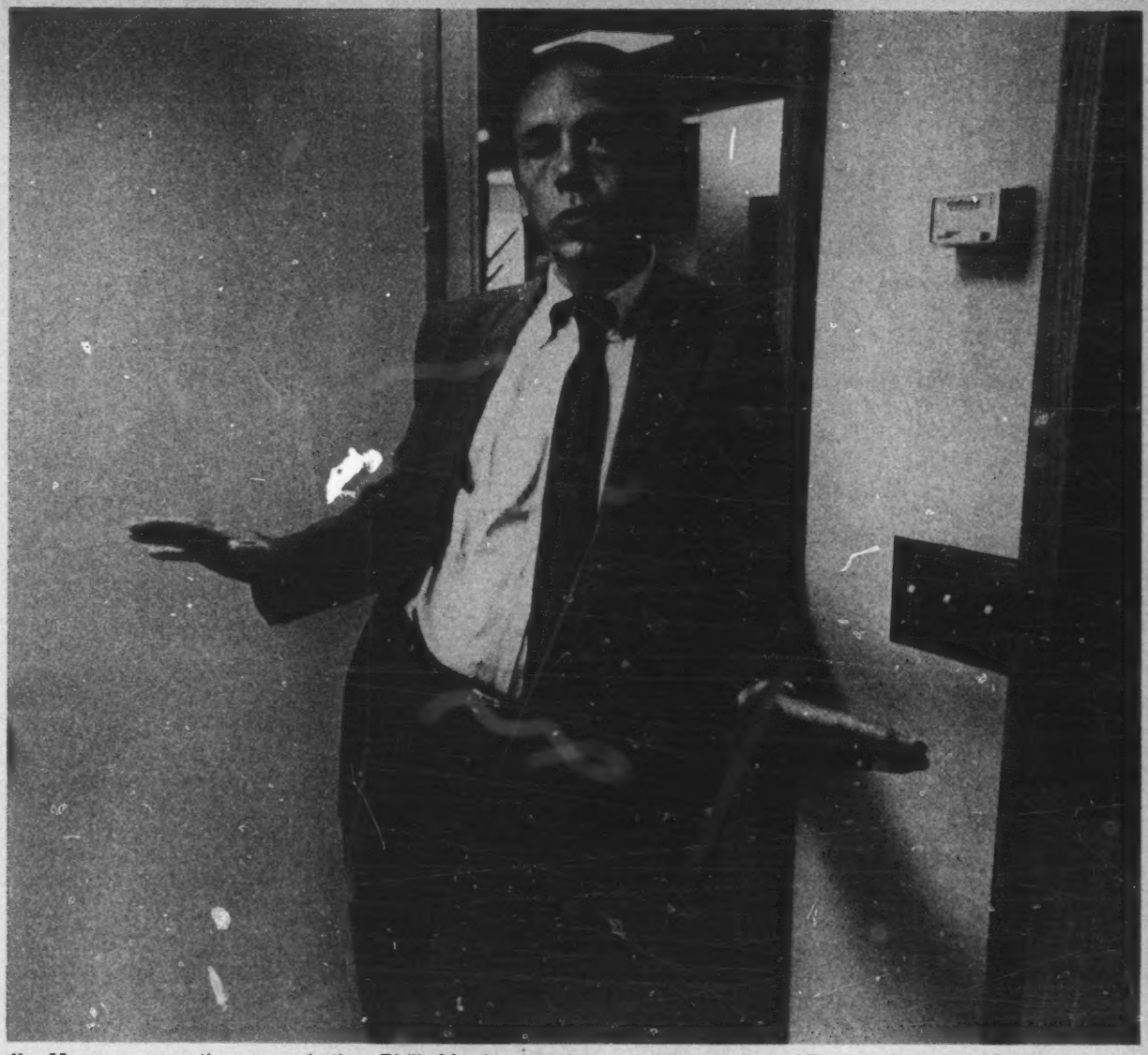
True, Lorillard's ultra low tar brand lost some share last year due to heavy competition, particularly from the Barclay blitz. Mau says the share erosion will be less severe this year. "The 'You found it' campaign for True is helping."

Lorillard also has an oldtime brand, Old Gold, which it is not currently supported with advertising. It has a narrow band of strength from Maine to Portland, Ore., Mau says. But the company has no plans to support it in the near future.

As industry media expenditures move past the $1 billion mark, Mau sees no let up in competition and advertising outlays. To him, the future looks just as problematic as the present.

"The future is obviously in low tar cigarettes, which grew dramatically last year. Future growth, I think, will require a combination of new brands and continued line extensions. That's what happening now, and it will continue to happen.

"Expenditures will increase because of new brands and the effect of inflation, which continues at 8 to 9% a year. That will be the normal rate, and if there are three brand introductions in a given year, that will really pop it," Mau said.



Jim Morgan, executive vp-marketing, Philip Morris, was pleased with reception of Benson & Hedges Deluxe Extra Lights. "We were after a fast share," he says, "and we got it."

Philip Morris

The big event at Philip Morris this year is the roll-out of Benson & Hedges deluxe ultra lights. The brand extension comes when most industry observers believed the time for highly visible brand extensions was about over.

Jim Morgan, executive vp, marketing, found the reception of deluxe ultra lights one of the year's most pleasant surprises. "We were after a fast share, and we got it," he acknowledges. Morgan says the brand has achieved a 1% share nationally, and is as high as a 2.5% share in some markets.

But what most surprised Morgan is the manner of brand performance. "There are no signs yet of the brand skewing demographically. It's as young as it is old, male as female, black as white, all of which is extremely encouraging.

"We originally guessed it would skew female, older and have its greatest strength in the sun belt, where 100 mm cigarettes are strongest."

Test marketing for deluxe ultra lights began in March and expanded in May.

"The brand has yet to find its own level, and we will continue to aggressively support the roll-out," Morgan says. This expenditure is comparable with the budget for Merit, which last year ran to $85.8 million. Magazine insertions contain numerous three page and two page, four-color spreads. Transit and out-of-home postings are abundant.

Morgan is also highly pleased with the performance of Marlboro, which he says, "is having an incredible year. As of September, the brand had a 19.6% share, up from 18.3% twelve months before." Morgan believes the brand can have a 20% share by the end of 1982.

The successful introduction of deluxe ultra lights and share gains for

Marlboro may give PM enough growth to replace R.J. Reynolds as the leading cigarette marketer in the U.S. But Morgan is more interested in growth then position.

"Whether we are number one in 1982 is not material to our performance, the job we're doing for the stockholders is embedded in basic growth trends we're enjoying. 1982 will be an especially good year for Philip Morris USA. How our 1982 relates to an industry leadership position will be known when year end figures are presented.

"Our objective is to grow a share point a year. If industry leadership is important, it is important in areas of statesmanship, hard work and quality, areas where Philip Morris is second to none."

Although most PM brands are experiencing growth, the company still faces problems in its efforts to introduce a free-standing menthol brand, as opposed to menthol line extensions. A year ago, PM hoped the answer would be Northwinds, a cool smoking cigarette without menthol.

"We've made several attempts to introduce a free-standing menthol in the past 10 years," says Morgan. "In fact, our menthol line extensions are doing very well. Northwinds was designed to answer that situation, and it didn't succeed. And the menthol category is too big for us not to be represented in it." The industry expects Philip Morris to try again.

As for where the industry is going in the U.S., Morgan suspects there may be a revival of interest in flavor. "In Germany, what we've seen is that most smokers who were going to switch, have switched to low tar. And that may be happening here.

"In spite of the health issue, many people out there want a good tasting smoke."

Morgan suspects that desire for flavor is behind the success of the revival of RJR's Camel, and the efforts to revive Raleigh by Lorillard, and Lucky Strike by American Brands.

While watching these efforts with

Tom Mau, director of brand development, Lorillard, went in for up-front research to determine new concepts and brand positionings.

UP IN SMOKES.

St. Petersburg-Tampa again leads all Florida metros in cigarette sales — 214-million packs in fiscal 1981, a whopping 23-million packs ahead of second-ranked Miami.

And when you look at the metro area more closely, you'll find Pinellas County, home of The St. Petersburg Times and Evening Independent, leads Tampa (Hillsborough County) by 14-million packs. In fact, nearly half of the three-county market's cigarette sales are in Pinellas.

Want to move your brands in this $156-million market? Call your St. Petersburg Times and Evening Independent representative today. We'll help you become the leader of the packs!

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New brand in test is Rebel, out of Lorillard. Advertising is designed to create macho image for low tar Kings and 100's.

interest, Morgan concedes that PM would have a more difficult job with the Philip Morris brand, in that it is a corporate name, and has a smaller sales base to build from than Luckies or Camel. "For us, the brand name isn't as important as the company name," he says.

R.J. Reynolds

Meanwhile, the industry sales leader is taking its own carefully reasoned approach to share growth and is in no mood to yield its pre-eminent position to Philip Morris or anyone else.

Jim Johnston, executive vp, marketing at the R.J. Reynolds Tobacco Company, says that at year's end, "We will still hold the leadership position in the industry. A period of stagnation ended two years ago. We made great strides in 1980 and '81, and that will continue in 1982.

"Our principal objective is to continue share growth for RJ Reynolds. We want to continue to maintain industry leadership but not at the risk of our underlying principles of growth."

This year, the pursuit of growth has been more in the introduction of line extensions than the launching of brand new products.

Currently, RJR has only one new brand in test. Bright, which Johnston says is positioned in the coolness/ refreshment category rather than as a menthol, which it isn't. Copy for the brand declares Bright "outshines menthol" and has as product benefits a "fresher taste" and a "fresh aftertaste."

Bright is in test in Detroit, Oklahoma City and Denver. Johnston explains that the markets were chosen to get a reading on how the brand performs against the menthol market. "The markets were chosen for varying levels of coolness segmentation. Detroit is higher than the national average; Denver and Oklahoma City are more normal. The test market choice also allows us to do crossovers on media," Johnston adds.

"To date, we're very pleased with Bright's performance. Its future is still in evaluation and there has been no final decision as to *if* and *when* there will be a national introduction."

The principle brand involved in extension in 1982 is Vantage, which has come out in ultra lights menthol, and 100 mm menthol. "This will complete the Vantage menthol family. The decision was made to expand into all styles. We have seen more movement in the menthol segment and can improve our share," Johnston says.

The other extension this year is Salem slim lights, a reduced circumference, low tar cigarette positioned against female smokers. "We're pleased with the results; it's

brought in new smokers," Johnston says.

There has also been a packaging extension for Camel Filter, which was offered in a box for west coast smokers last month. "There's high interest in box packaging on the West Coast. We'll evaluate the response there in the future for expansion to other markets."

On the philosophy of brand extension, Johnston believes that target audience and positioning are key elements: "For instance, Salem slim lights is positioned as a more stylish cigarette. And More Lights is addressed to an audience different from the parent brand. More 120 is positioned for women 35 and over. More lights is a beige 100 mm version, and is a more comfortable statement for women 25 to 35 to make.

"With a brand extension, there is a fair amount of cannibalization, but our record is better than average. 80% of the sales for More light is in new business." The extension extended the brand down into a lower age demographic.

More's message in newspapers emphasizes classy, long look of the package.

RJR is also on the move in innovative use of media. Martin J. Orlowsky, director of marketing services, says that the Camel Score Board, a Camel border around purchased space in newspapers for the consolidation of sports scores, is expanding. As of January, 55 newspapers will be added to the 75 already carrying the scoreboard. The New York *Daily News* will be among the scoreboard additions.

Orlowsky also cites the recent eight page Camel fold-out on football conferences that was run in the football preview issue of *Sports Illustrated*, and the Camel Sound Board, a music concert listing in young adult weekly newspapers in six major markets.

"We're constantly looking for ways of maximizing the values of a publication without disrupting the editorial flow," Orlowsky notes. "We're in dialogue with newspapers to look for ideas and the opportunities to develop similar vehicles."

RJR is also taking a leaf from the Kool music festival book, by associating Salem with country music festivals. A new series was begun in October, Orlowsky says. "We're not in the concert business. This gives another conduit through which to communicate," Orlowsky reasons.

So where does the cigarette business appear to be heading, in the view of Johnston? Toward fewer line extensions, and new product introductions only when the innovations warrant it.

"If you look at what has happened over the past decade, there has been a natural line of brand extension toward low-tar. And those brand families that warrant that kind of extension, we're happy with. Vantage is an example.

"More Lights and Salem slim lights are new kinds of extensions for us — where they are being positioned as a more stylish kind of cigarette.

"But if you look at the future of line extensions, I believe the pace will be slow. We must be sensitive to consumer desires. They will be more difficult to develop, and more expensive to launch. There will be fewer line extensions.

"There also must be more attention paid in the development of new brands to consumer desire and to the technological base, and that too, is expensive," Johnston says.

Fred Gardner

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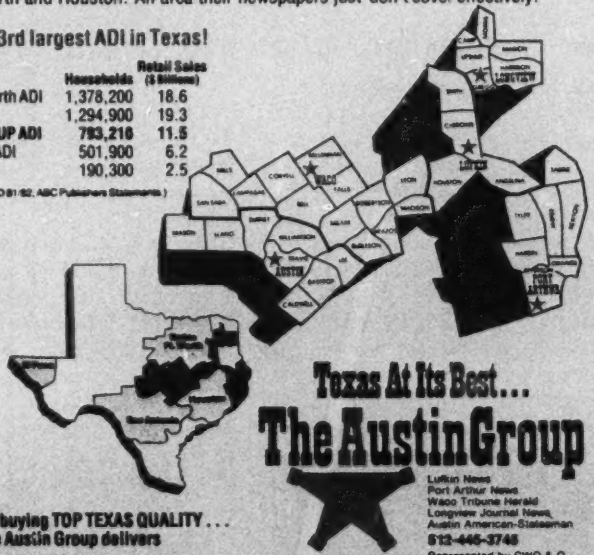
Dallas/Ft. Worth ADI	1,378,200	18.6
Houston ADI	1,294,900	19.3
AUSTIN GROUP ADI	**793,210**	**11.5**
San Antonio ADI	501,900	6.2
El Paso ADI	190,300	2.5

(Source: SRDS CMD 81-82, ABC Publishers Statements)



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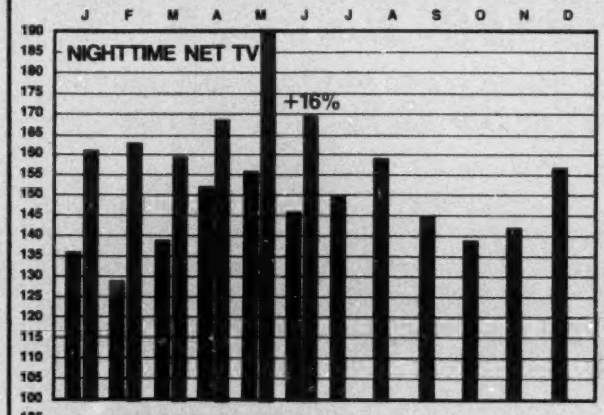
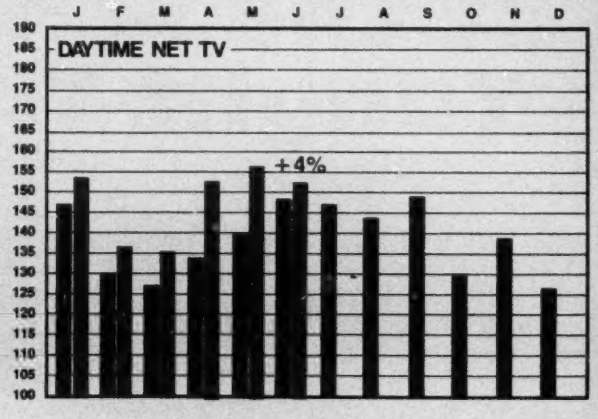
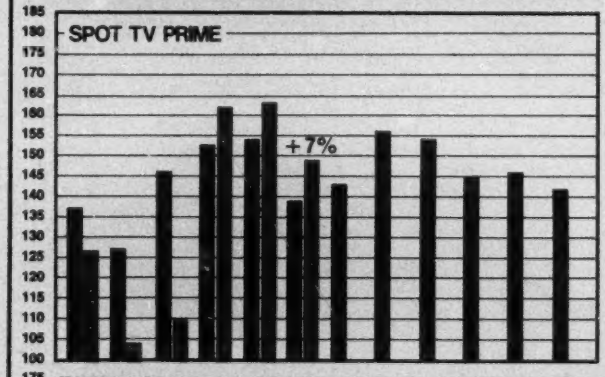
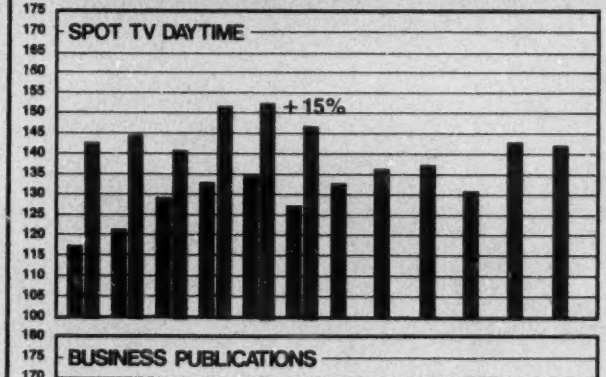
MEDIA COST INDEX

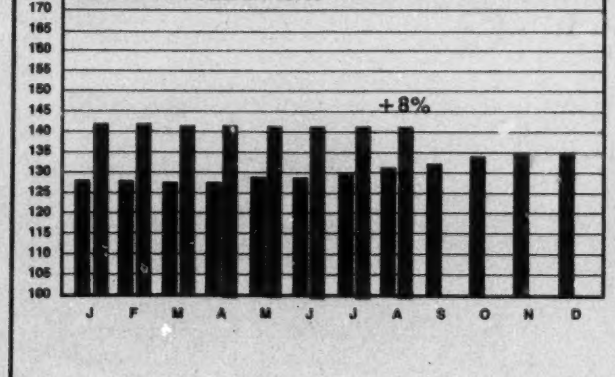
Black bars index for 1981; red bars 1982; base year 1977











Consumer magazines held their prices almost even after the usual jump in rates at the start of the year — up 10% above 1981 — 59% starting from the base year 1970, with the index moving up to 159.

Magazine dollar volume for the first eight months of this year ran almost $2.1 billion, up 6% over the year before.

Business publications almost matched the strength in consumer magazine pricing. In August, business publication prices continued at 8% over the year before, up 42% over the base year 1970, with the index moving up to 142.

Other media cost data is not available at this time, in part because several of the media organizations are trying to improve and update their methods of tabulation of expenditure and cost figures. Among these are the Newspaper Advertising Bureau and the F.R. Cawl organization which tracks activity in outdoor posters. Hopefully, we will have more new information to report in this space next month.

The Media Cost Index reflects reported trends extracted from available published sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled. Sources: **Nighttime Network TV** — cost per average 30-second spot 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Report Network TV Service. **Daytime Network TV** — cost per average 30-second spot 10 a.m.-4:30 p.m. Monday-Friday from Broadcast Advertisers Report Network TV Service. **Network Radio** — cost per average 30-second radio announcement from Broadcast Advertisers Report Network Radio Service. Index 100 for Nighttime network tv, daytime network tv and network radio are for each month in 1977. **Spot radio** estimates are based on SRDS cost of one minute on one station per market in the top 50 RADI markets. **Consumer magazine** estimate based on reported SRDS cost of page, 4-color in 40 national consumer magazines based revenue, as reported by MPA. **National Supplements** estimates based on reported SRDS cost of page, 4-color for three national supps. **Daily Newspaper** estimates based on Newspaper Advertising Bureau report of SRDS costs per agate line of a stratified sample of 155 newspapers. **Business Publication** estimates based on reported SRDS cost of a page, 4-color for 48 magazines representing 42 business and professional classifications. **Outdoor Posters** based on estimates prepared by F.R. Cawl & Assoc. **HOW TO READ:** Media Cost Index reflects latest available cost compared to base of average year 1977. Percent change reflects annual rate of change and is based on latest available month costs compared to same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1981; red bars 1982; base year 1977